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OF COUNSEL
WILLIAM G. CONLY

November 29, 2004

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

James Lime Formation, Reservoir A, GRAND CANE
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BRIDAS ENERGY USA, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the James Lime Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the James Lime Formation, Reservoir A.
2. To create two (2) drilling and production units for the exploration for and production of gas and condensate from the James Lime Formation, Reservoir A, such units being designated JAMES RA SUA and JAMES RA SUB and being shown on the attached plat.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
5. To adopt special field spacing rules for future horizontal wells drilled to the James Lime Formation, Reservoir A, in the Grand Cane Field, which would provide: (a) that the penetration point and terminus in the James Lime Formation, Reservoir A, of any lateral of any such horizontal well should be located no closer than 330 feet to any unit boundary; (b) that the average distance between the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the lateral is drilled should not be less than 1,000 feet; (c) that the distance from any point along the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the lateral is drilled should not be less than 660 feet; and (d) that there should be no well spacing limitations between wells other than that accomplished by application of the aforesaid provisions.
6. To provide that the gas allowable provisions of Statewide Order No. 29-F, LAC 43:XIX.2101 et seq., should not apply to horizontal wells drilled to the James Lime Formation, Reservoir A, but that all such wells should be given an allowable based on the maximum efficient rate (MER) of the well, being the maximum sustainable daily withdrawal rate from the reservoir which will permit economical development and reservoir depletion without causing waste.
7. To provide that the Commissioner of Conservation may reclassify the James Lime Formation, Reservoir A, by Supplemental Order and without the necessity of a public hearing should such a reclassification be warranted based on evidence furnished to the Commissioner.

Honorable James H. Welsh
November 29, 2004
Page 2

8. To define the James Lime Formation, Reservoir A, as that gas and condensate bearing interval encountered between the depths of 5,655 feet and 5,880 feet, electric log measurements, in the Bidas Energy USA, Inc.--BR Bedsole Enterprises No. 1 Well, located in Section 14, Township 12 North, Range 15 West, DeSoto Parish, Louisiana.

9. To consider such other matters as may be pertinent.

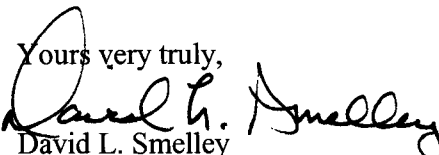
Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated November 11, 2004, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set December 8, 2004, as the tentative date for the pre-application conference. No request for the conference was received; therefore, no pre-application conference was held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat (which is identical to the plat attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plat is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

David L. Smelley
-- Attorney for Bidas Energy USA, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Linda McGowen (w/encls.)
Mr. Jerry Loyd (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

